

Senior Living Trust Fund and Hospital Trust Fund Appropriations Bill LSB 7190H

Proposed Action:

**House Appropriations
Committee**

April 1, 2002

An Act relating to and making appropriations from the senior living trust fund to the department of elder affairs and the department of human services and making appropriations from the hospital trust fund to the department of human services and providing an effective date.



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LEGISLATIVE FISCAL BUREAU

NOTES ON BILLS AND AMENDMENTS (NOBA)

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**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**LSB 7190H
SENIOR LIVING & HOSPITAL TRUST FUND APPROPS**

FUNDING SUMMARY

DEPARTMENT OF ELDER AFFAIRS

**DEPARTMENT OF HUMAN
SERVICES**

**MEDICAL ASSISTANCE PROGRAM
SUPPLEMENT**

**NURSING FACILITY PROVIDER
REIMBURSEMENT**

**HOSPITAL TRUST FUND
APPROPRIATION TO THE DHS**

INTENT LANGUAGE

- LSB 7190H appropriates a total of \$58.2 million and 13.0 FTE positions from the Senior Living Trust Fund to the Department of Elder Affairs and the Department of Human Services (DHS), a decrease of \$32.6 million and no change in FTE positions compared to the FY 2002 estimated net appropriations. In addition, the Bill appropriates a total of \$12.0 million from the Hospital Trust Fund to the DHS, which is a new appropriation for FY 2003.
- Appropriates \$6.6 million and 8.0 FTE positions from the Senior Living Trust Fund to the Department of Elder Affairs for the Senior Living Program, an increase of \$1.2 million and no change in FTE positions compared to the FY 2002 estimated net appropriation. (Page 1, Line 8)
- Appropriates a total of \$51.7 million and 5.0 FTE positions from the Senior Living Trust Fund to the DHS, a decrease of \$33.8 million and no change in FTE positions compared to the FY 2002 estimated net appropriation. The appropriations are as follows: (Page 1, Line 13)
 - Appropriates \$23.9 million and 5.0 FTE positions to supplement the Medical Assistance Program appropriation for the Elderly Home and Community-Based Waiver and the State Supplementary Assistance Program. This is a decrease of \$16.8 million and no change in FTE positions compared to the FY 2002 estimated net appropriation. (Page 1, Line 22)
 - Appropriates \$27.8 million for nursing facility provider reimbursements based on a case-mix reimbursement methodology, an increase of \$3.0 million compared to the FY 2002 estimated net appropriation. (Page 1, Line 32)
- Appropriates a total of \$12.0 million from the Hospital Trust Fund to the DHS to supplement the Medical Assistance appropriation for FY 2003. This is a new appropriation for FY 2003. (Page 3, Line 8)
- Requires the DHS to transfer the funds to supplement the Medical Assistance Program, provide reimbursement for health care services and rent expenses through the Elderly Home and Community-Based Services Waiver, and provide nursing facility provider reimbursement based on a case-mix reimbursement methodology to these appropriations within the Department. (Page 1, Line 35)
- Permits the DHS to use moneys from the Senior Living Trust Fund for cash flow purposes in order to make payments under the nursing facility or hospital upper payment limit methodology. Requires the moneys used for this purpose be refunded to the Senior Living Trust Fund during the same fiscal year. (Page 2, Line 4)

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**LSB 7190H
SENIOR LIVING & HOSPITAL TRUST FUND APPROPS**

INTENT LANGUAGE CONTINUED

- Requires the moneys committed to contracts for conversion to assisted living programs or development of long-term care alternatives that remain unexpended at the end of FY 2003 not revert to any fund but remain available to expend for contract purposes in FY 2004. (Page 2, Line 11)
- Requires the DHS to adopt rules regarding nursing facility conversion grant applicants giving greater priority to nursing facilities that renovate existing structures versus new construction, and to encourage cooperative efforts between the Department of Inspections and Appeals, the State Fire Marshal, and grant applicants with regard to renovation projects. (Page 2, Line 18)
- Requires the Department of Elder Affairs to certify all assisted living programs established through conversion grants; requires consultation between the Department and conversion grant applicants and recipients for the purpose of establishing and monitoring occupancy agreements, and requires that assisted living residents be allowed to access third-party payors. In addition, the Department is required to allow grant recipients to revise and modify occupancy agreements to reflect the affordable rates defined in Section 249H.3, Code of Iowa, during the 10-year operating period following the conversion grant award. (Page 2, Line 32)
- Requires that moneys appropriated to the DHS that are committed to contracts for conversion to assisted living programs or for development of long-term care alternatives that remain unexpended at the end of FY 2002 shall not revert to any fund but remain available to expend for contract purposes during FY 2003. (Page 3, Line 16)
- Specifies that Section 5 of this Bill, relating to the nonreversion of nursing facility contract funds awarded in FY 2002, is effective upon enactment. (Page 3, Line 25)

EFFECTIVE DATE

LSB7190H

LSB7190H provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section	Description
2	4	2.3	Nwthstnds	249H.4 and 249H.5	Use of Senior Living Trust Funds for cash flow purposes
2	11	2.4	Nwthstnds	8.33	Nonreversion of conversion grant awards
3	16	5	Nwthstands	8.33	Nonreversion of conversion grant awards

1 1 Section 1. DEPARTMENT OF ELDER AFFAIRS APPROPRIATION --
 1 2 SENIOR LIVING TRUST FUND. There is appropriated from the
 1 3 senior living trust fund created in section 249H.4 to the
 1 4 department of elder affairs for the fiscal year beginning July
 1 5 1, 2002, and ending June 30, 2003, the following amount, or so
 1 6 much thereof as is necessary, to be used for the purpose
 1 7 designated:

Appropriates from the Senior Living Trust Fund to the Department of Elder Affairs for the purposes designated in FY 2003.

1 8 For the development and implementation of a comprehensive
 1 9 senior living program, including program administration and
 1 10 costs associated with implementation, salaries, support,
 1 11 maintenance, and miscellaneous purposes and for not more than
 1 12 the following full-time equivalent positions:
 1 13 \$ 6,553,967
 1 14 FTEs 8.00

Senior Living Trust Fund appropriation to the Department of Elder Affairs for the Senior Living Program.

DETAIL: This is an increase of \$1,214,623 and no change in FTE positions compared to the FY 2002 estimated net appropriation.

1 15 Sec. 2. DEPARTMENT OF HUMAN SERVICES APPROPRIATION --
 1 16 SENIOR LIVING TRUST FUND. There is appropriated from the
 1 17 senior living trust fund created in section 249H.4 to the
 1 18 department of human services for the fiscal year beginning
 1 19 July 1, 2002, and ending June 30, 2003, the following amounts,
 1 20 or so much thereof as is necessary, to be used for the
 1 21 purposes designated:

Appropriates from the Senior Living Trust Fund to the Department of Human Services for the purposes designated in FY 2003.

1 22 1. To supplement the medical assistance appropriation and
 1 23 to provide reimbursement for health care services and rent
 1 24 expenses to eligible persons through the home and community-
 1 25 based services waiver and the state supplementary assistance
 1 26 program, including program administration and data system
 1 27 costs associated with implementation, salaries, support,
 1 28 maintenance, and miscellaneous purposes and for not more than
 1 29 the following full-time equivalent positions:
 1 30 \$ 23,933,406
 1 31 FTEs 5.00

Senior Living Trust Fund appropriation to the DHS to supplement the Medical Assistance appropriation and provide reimbursement for health care services and rent expenses through the Elderly Home and Community-Based Waiver and the State Supplementary Assistance Program.

DETAIL: This is a decrease of \$16,800,000 and no change in FTE positions compared to the FY 2002 estimated net appropriation. The decrease is due to a supplementary appropriation provided from the Senior Living Trust to Medicaid in FY 2002. HF 2245 (FY 2002 Medical Assistance Program Supplemental Act) provided a \$39,000,000 supplemental appropriation to the Medical Assistance

		Program (Medicaid) from the Senior Living Trust Fund. The original appropriation in HF 740 (FY 2002 Senior Living Trust Fund Appropriations Act) was \$1,733,406. The FY 2003 appropriation of \$23,933,406 will provide funding for expenditures previously funded by the General Fund.
1 32	2. To implement nursing facility provider reimbursement	
1 33	based upon a case-mix reimbursement methodology:	
1 34 \$ 27,750,000	Senior Living Trust Fund appropriation to the DHS to implement nursing facility provider reimbursement increases based on case-mix reimbursement methodology.
		DETAIL: This is an increase of \$3,000,000 compared to the FY 2002 estimated net appropriation.
1 35	In order to carry out the purposes of this subsection, the	
2 1	department shall transfer funds appropriated in this section	
2 2	to supplement other appropriations to the department of human	
2 3	services.	Requires the DHS transfer funds to supplement other related appropriations to carry out the purposes of this Subsection.
2 4	3. Notwithstanding sections 249H.4 and 249H.5, the	
2 5	department of human services may use moneys from the senior	
2 6	living trust fund for cash flow purposes to make payments	
2 7	under the nursing facility or hospital upper payment limit	
2 8	methodology. The amount of any moneys so used shall be	
2 9	refunded to the senior living trust fund within the same	
2 10	fiscal year and in a prompt manner.	CODE: Specifies that, notwithstanding Sections 249H.4 and 249H.5, <u>Code of Iowa</u> , the DHS may use moneys from the Senior Living Trust Fund for cash flow purposes to make payments under the facility or hospital upper payment limit methodology. Requires that the moneys used be refunded to the Senior Living Trust Fund during the same fiscal year.
2 11	4. Notwithstanding section 8.33, moneys committed to	
2 12	grantees under contract to provide for conversion to assisted	
2 13	living programs or for development of long-term care	
2 14	alternatives that remain unexpended at the close of the fiscal	
2 15	year shall not revert to any fund but shall remain available	
2 16	for expenditure for purposes of the contract during the	
2 17	succeeding fiscal year.	CODE: Requires that, notwithstanding Section 8.33, <u>Code of Iowa</u> , moneys committed to contracts for conversion to assisted living programs or for development of long-term care alternatives that remain unexpended at the end of FY 2003 shall not revert to any fund but remain available to expend for contract purposes in FY 2004.
2 18	Sec. 3. CONVERSION GRANT PROJECTS -- RULES -- INTENT.	Requires the DHS to adopt rules regarding nursing facility conversion

2 19 1. The department of human services shall adopt rules that
 2 20 provide that beginning with applications for conversion grants
 2 21 received on or after July 1, 2002, the department shall give
 2 22 greater weight in the scoring methodology to nursing facility
 2 23 conversion projects that are primarily for the renovation and
 2 24 remodeling of the existing nursing facility structure and give
 2 25 less weight to conversion projects that are primarily for new
 2 26 construction. The department of human services shall
 2 27 encourage cooperative efforts between the department of
 2 28 inspections and appeals, the state fire marshal, and the grant
 2 29 applicant to promote the acceptance of nursing facility
 2 30 conversion projects that are primarily renovation and
 2 31 remodeling of the existing nursing facility structure.

grant applications, giving greater weight to nursing facilities that renovate existing structures versus new construction, and to encourage cooperative efforts between the Department of Inspections and Appeals, the State Fire Marshal, and grant applicants with regard to renovation projects.

2 32 2. The department of elder affairs shall certify all
 2 33 assisted living programs established through nursing facility
 2 34 conversion grants. The department of elder affairs shall
 2 35 consult with conversion grant applicants and recipients to
 3 1 establish and monitor occupancy agreements and assisted living
 3 2 program residents shall be allowed access to third-party
 3 3 payors. The department of elder affairs shall allow grant
 3 4 recipients to revise and modify occupancy agreements to
 3 5 reflect rates that are affordable, as defined in section
 3 6 249H.3, during the ten-year period of operation following the
 3 7 awarding of the grant by the department of human services.

Requires the Department of Elder Affairs to certify all assisted living programs established through conversion grants, requires consultation between the Department and conversion grant applicants and recipients for the purpose of establishing and monitoring occupancy agreements, and requires that assisted living residents be allowed to access third-party payors. Also, requires the Department to allow grant recipients to revise and modify occupancy agreements to reflect the affordable rates defined in Section 249H.3, Code of Iowa, during the 10-year operating period following the conversion grant award.

3 8 Sec. 4. DEPARTMENT OF HUMAN SERVICES APPROPRIATION --
 3 9 HOSPITAL TRUST FUND. There is appropriated from the hospital
 3 10 trust fund created in section 249I.4 to the department of
 3 11 human services for the fiscal year beginning July 1, 2002, and
 3 12 ending June 30, 2003, the following amount, or so much thereof
 3 13 as is necessary, to be used for the purpose designated:
 3 14 To supplement the medical assistance appropriation:
 3 15 \$ 12,000,000

Hospital Trust Fund appropriation to the DHS to supplement the Medical Assistance Program appropriation in FY 2003.

DETAIL: This is a new appropriation for FY 2003 that will provide funding for expenditures previously funded by the General Fund.

3 16 Sec. 5. 2001 Iowa Acts, chapter 192, section 2, subsection

CODE: Requires that, notwithstanding Section 8.33, Code of Iowa,

3 17 1, is amended by adding the following new unnumbered
3 18 paragraph:
3 19 NEW UNNUMBERED PARAGRAPH. Notwithstanding section 8.33,
3 20 moneys committed to grantees under contract pursuant to this
3 21 subsection that remain unexpended at the close of the fiscal
3 22 year shall not revert to any fund but shall remain available
3 23 for purposes of the contract during the succeeding fiscal
3 24 year.

moneys appropriated to the DHS that are committed to contracts for conversion to assisted living programs or for development of long-term care alternatives that remain unexpended at the end of FY 2002 shall not revert to any fund but remain available to expend for contract purposes during FY 2003.

3 25 Sec. 6. EFFECTIVE DATE. Section 5 of this Act amending
3 26 2001 Iowa Acts, chapter 192, being deemed of immediate
3 27 importance, takes effect upon enactment.

Specifies that Section 5 of this Bill, relating to the nonreversion of nursing facility contract funds awarded in FY 2002, is effective upon enactment.

3 28 EXPLANATION

3 29 This bill makes appropriations from the senior living trust
3 30 fund to the department of elder affairs and department of
3 31 human services and from the hospital trust fund to the
3 32 department of human services.
3 33 The appropriation from the senior living trust fund to the
3 34 department of elder affairs provides funding for development
3 35 and implementation of a comprehensive senior living program.
4 1 The appropriation from the senior living trust fund to the
4 2 department of human services provides funding for
4 3 supplementation of the medical assistance appropriation and to
4 4 provide funding for reimbursement of health care services and
4 5 rent expenses provided to persons through the home and
4 6 community-based services waiver and the state supplementary
4 7 assistance program; and funding for reimbursement of nursing
4 8 facility providers under a case-mix reimbursement methodology.
4 9 The bill also provides that the department of human
4 10 services may use moneys from the senior living trust fund for
4 11 cash flow purposes to make payments under the nursing facility
4 12 or hospital upper payment limit methodology and these moneys
4 13 must be refunded to the fund in the same fiscal year in which
4 14 used and in a prompt manner.
4 15 The bill provides that the moneys appropriated to the

4 16 department of human services for the fiscal year beginning
4 17 July 1, 2002, and ending June 30, 2003, that are committed to
4 18 grantees under contract to provide for conversion to assisted
4 19 living programs or for long-term care alternatives are not to
4 20 revert to any fund, but are to remain available for
4 21 expenditure for purposes of the contract for the subsequent
4 22 fiscal year beginning July 1, 2003.

4 23 The bill directs the department of human services to adopt
4 24 rules to provide that beginning with applications for
4 25 conversion grants received on or after July 1, 2002, the
4 26 department is to give greater weight in the scoring
4 27 methodology to nursing facility conversion projects that are
4 28 primarily for the renovation and remodeling of the existing
4 29 nursing facility structure and give less weight to conversion
4 30 projects that are primarily for new construction. The bill
4 31 directs the department of human services to encourage
4 32 cooperative efforts between the department of inspections and
4 33 appeals, the state fire marshal, and the grant applicant to
4 34 promote the acceptance of nursing facility conversion projects
4 35 that are primarily renovation and remodeling of the existing

5 1 nursing facility structure. The bill also directs the
5 2 department of elder affairs to certify all assisted living
5 3 programs established through nursing facility conversion
5 4 grants. The department of elder affairs is to consult with
5 5 conversion grant applicants and recipients to establish and
5 6 monitor occupancy agreements and assisted living program
5 7 residents are to be allowed access to third-party payors. The
5 8 bill directs the department of elder affairs to allow grant
5 9 recipients to revise and modify occupancy agreements to
5 10 reflect rates that are affordable during the 10-year period of
5 11 operation following the awarding of the grant.

5 12 The bill makes an appropriation from the hospital trust
5 13 fund to the department of human services to supplement the
5 14 medical assistance appropriation.

5 15 The bill amends the language in 2001 Iowa Acts, chapter
5 16 192, that relates to the appropriation to the department of
5 17 human services for the fiscal year beginning July 1, 2001, and
5 18 ending June 30, 2002, to provide that moneys that are

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Explanation

5 19 committed to grantees under contract to provide for conversion
5 20 to assisted living programs or for long-term care alternatives
5 21 are not to revert to any fund, but are to remain available for
5 22 expenditure for purposes of the contract for the subsequent
5 23 fiscal year beginning July 1, 2002. This section of the bill
5 24 takes effect upon enactment.
5 25 LSB 7190YC 79
5 26 pf/cf/24.2

Summary Data

Non General Fund

LSB7190H	Actual FY 2000	Actual FY 2001	Estimated Net FY 2002	House Subcom FY 2003	House Sub vs Est FY 2002	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
Health and Human Rights	\$ 0	\$ 4,188,123	\$ 5,339,344	\$ 6,553,967	\$ 1,214,623	
Human Services	\$ 0	\$ 39,990,034	\$ 85,483,406	\$ 63,683,406	\$ -21,800,000	
Grand Total	\$ 0	\$ 44,178,157	\$ 90,822,750	\$ 70,237,373	\$ -20,585,377	
Operations	\$ 0	\$ 4,188,123	\$ 5,339,344	\$ 6,553,967	\$ 1,214,623	
Grants & Aid	\$ 0	\$ 39,990,034	\$ 85,483,406	\$ 63,683,406	\$ -21,800,000	
Grand Total	\$ 0	\$ 44,178,157	\$ 90,822,750	\$ 70,237,373	\$ -20,585,377	

Health and Human Rights

Non General Fund

LSB7190H	Actual FY 2000	Actual FY 2001	Estimated Net FY 2002	House Subcom FY 2003	House Sub vs Est FY 2002	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Elder Affairs, Department of</u>						
Aging Programs-SLTF		\$ 4,188,123	\$ 5,339,344	\$ 6,553,967	\$ 1,214,623	PG 1 LN 8
Operations	\$ 0	\$ 4,188,123	\$ 5,339,344	\$ 6,553,967	\$ 1,214,623	
Grand Total	\$ 0	\$ 4,188,123	\$ 5,339,344	\$ 6,553,967	\$ 1,214,623	

Human Services

Non General Fund

LSB7190H	Actual FY 2000	Actual FY 2001	Estimated Net FY 2002	House Subcom FY 2003	House Sub vs Est FY 2002	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
Human Services, Department of						
Medical Services						
LTC Provider Rate Changes-SLTF		\$ 17,750,000	\$ 24,750,000	\$ 27,750,000	\$ 3,000,000	PG 1 LN 32
Nurse Facility Conv. Grnts-SLT		20,000,000	20,000,000		-20,000,000	
LTC Alternative Services-SLTF		2,240,034	40,733,406	23,933,406	-16,800,000	PG 1 LN 22
Total Medical Services	0	39,990,034	85,483,406	51,683,406	-33,800,000	
Hospital Trust Fund						
Hospital Trust Fund				12,000,000	12,000,000	PG 3 LN 8
Total Human Services, Department of	\$ 0	\$ 39,990,034	\$ 85,483,406	\$ 63,683,406	\$ -21,800,000	
Total Human Services	<u>\$ 0</u>	<u>\$ 39,990,034</u>	<u>\$ 85,483,406</u>	<u>\$ 63,683,406</u>	<u>\$ -21,800,000</u>	
Grants & Aid	\$ 0	\$ 39,990,034	\$ 85,483,406	\$ 63,683,406	\$ -21,800,000	
Grand Total	<u>\$ 0</u>	<u>\$ 39,990,034</u>	<u>\$ 85,483,406</u>	<u>\$ 63,683,406</u>	<u>\$ -21,800,000</u>	

Summary Data

FTE

LSB7190H	Actual FY 2000	Actual FY 2001	Estimated Net FY 2002	House Subcom FY 2003	House Sub vs Est FY 2002	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
Health and Human Rights	0.00	7.00	8.00	8.00	0.00	
Human Services	0.00	5.00	5.00	5.00	0.00	
Grand Total	0.00	12.00	13.00	13.00	0.00	
Operations	0.00	7.00	8.00	8.00	0.00	
Grants & Aid	0.00	5.00	5.00	5.00	0.00	
Grand Total	0.00	12.00	13.00	13.00	0.00	

Health and Human Rights

FTE

LSB7190H	Actual FY 2000	Actual FY 2001	Estimated Net FY 2002	House Subcom FY 2003	House Sub vs Est FY 2002	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Elder Affairs, Department of</u>						
Aging Programs - SLTF		7.00	8.00	8.00	0.00	PG 1 LN 8
Operations	0.00	7.00	8.00	8.00	0.00	
Grand Total	0.00	7.00	8.00	8.00	0.00	

Human Services

FTE

LSB7190H	Actual FY 2000	Actual FY 2001	Estimated Net FY 2002	House Subcom FY 2003	House Sub vs Est FY 2002	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Human Services, Department of</u>						
LTC Alternative Services-SLTF		5.00	5.00	5.00	0.00	PG 1 LN 22
Grants & Aid	0.00	5.00	5.00	5.00	0.00	
Grand Total	0.00	5.00	5.00	5.00	0.00	